

**NEWPORT-MESA UNIFIED SCHOOL DISTRICT
MEASURE F CITIZENS OVERSIGHT COMMITTEE**

**MINUTES AND REPORT OF THE MEETING OF
February 10, 2020**

The Citizens Oversight Committee met on Monday, February 10, 2020, in the NMUSD Roderick H. MacMillan Boardroom 2985 Bear Street, Bldg. A, Costa Mesa, CA 92626.

MEMBERS PRESENT

Julio Zunzunegui, Mariners Parent (Chairman)
Mitch Vance, TGV Partners (via conference call)
Laura Ursini Marroquin, Community Relations, Newport/Naples Rib Company
Suzanne Gauntlett, Member at Large
Robert Ooten, Member at Large

MEMBERS ABSENT

Richard Rutledge, Estancia Parent & PTA Member
Lee Ramos, City of Costa Mesa Senior Commission

ALSO PRESENT

Ara Zareczny, Administrative Director, Facilities Development, Planning & Design, NMUSD
Lori Horrell, Administrative Assistant to Ara Zareczny, NMUSD
Jeff Trader, Executive Director, Chief Financial Officer, NMUSD
Andrew Park, CPA & Partner, Eide Bailly LLP

HANDOUTS

Meeting Agenda for February 10, 2020
Meeting Minutes from December 2, 2019
Financial and Performance Audits – Building Fund for Measure F
Annual Statement of Economic Interests – Form 700

WELCOME AND INTRODUCTION

Committee Chair, Julio Zunzunegui, opened the meeting at 6:03 pm.

ADOPTION OF THE AGENDA

Agenda for the February 10, 2020 meeting was adopted as presented.

ADOPTION OF THE MINUTES

Minutes from the December 2, 2019 meeting were reviewed, corrected, and adopted.

FISCAL REPORT

Jeff Trader explained the annual auditing process and introduced Andrew Park who presented the Financial and Performance Audits – Building Fund for Measure F. Mr. Park explained the auditing report and went through the findings for the fiscal period of July 1, 2018 through June 30, 2019. It is the Opinion of the Auditors that the financial statements present fairly, in all material respects, the financial position of the Building Fund (Measure F).

Mr. Park explained how the auditors test the items and that they do review invoices in response to the question by Ms. Ursini. Mr. Zunzunegui then asked if the audit was just for Measure F. Mr. Park responded that this is strictly for Measure F for the financial statements and compliance.

Ms. Gauntlett asked if there was a percentage of transactions that you cover in the audit and how do you determine how big the sampling is. Mr. Park explained that it is a statistical sampling. They address the entire population of expenditures and perform random sampling. The auditors use a mathematical formula (60/40/25), 25 is low risk entity, 40 is an average risk entity, and 60 is a high risk entity. Using this statistical theory, if we random sample 40 and come up with a conclusion, it should be representative of that population of the testing.

In addition to the information provided by Mr. Park, Ms. Zareczny informed the committee that addition to the audit itself, every invoice we submit gets paid through the Orange County Department of Education (OCDE). OCDE performs audits on many of the invoices.

PROJECT REPORT

Ms. Zareczny reported on the status of the Estancia Theater project:

1. The committee had discussed doing a cost comparison between the CDMHS Theater and Estancia Theater Project. The facilities team are still working through the costs and will get the information to you as soon as possible. The projects each have a number of site specific costs that need to be identified and evaluated to ensure that the basis for comparison are equivalent.
2. The project is in the estimating phase right now. The overall scope remains the same. The architect and a 3rd party estimator hired by the district have completed their individual estimates and are now reconciling with each other. Due to some discrepancies in the estimates, the District has on-boarded another estimator to peer review both estimates and provide insight to the discrepancies. The third estimator submitted their comments to the other two estimators, who must address the issues and reconcile, and submit a revised estimate to the District. We've completed this exercise and are looking at aspects of the project to get it back into our budget. It did exceed our initial budget. As a reminder, of the \$28.7 million budget in Measure F funds, we have allocated \$26 million, and the District has allocated an additional \$6 million from the

Capital Improvements fund. We have about \$2.7 million left in Measure F funds if needed to cover any additional scope, or cost increase.

In an effort to bring the project within budget, all parties have completed an exhaustive review of the drawings for opportunity of value engineering, or remove elements or change materials. Depending on the identified items, we will choose what changes reduce cost while maintaining the integrity of the project. The team will have another meeting this week with the architects and go through each potential value engineering item identified and decide which items to incorporate into the project. The team will come back to the committee with the final budget and complete our comparison with the CDM project.

3. Ms. Ursini asked how we are on the timeline of the project and Ms. Zareczny reported that we will have another month for the value engineering exercise, and with the items that we're looking to value engineer it will be about \$2 million which is significant.

4. Ms. Gauntlett asked how much we are over budget compared to the original estimates? Ms. Zareczny replied the amount is \$3 million. We are looking to value engineer to be responsible. This estimate phase is typical for this kind of project. Ms. Zareczny spoke on construction documents and the DSA process.

5. Mr. Zunzunegui asked what the original budget for this project was in the beginning. Ms. Zareczny spoke on working with McCarthy on how much of a theater we could get for our budget, which was \$23 million for the total project cost. We were able to sell \$28 million in total bonds. We thought we could sell for \$23-25 million originally. We sold the bond and thought we would be spending about \$25 million on the project. Since then, as we developed the scope, we took the theater spec, the plans from CDMHS and CMHS for comparison, and the architect did their tweaks to the scope. Once you get in to design, the costs and elements come into play. The specification that was developed is still being adhered to with this project.

BOARD MEETING PRESENTATION

It was determined that Julio Zunzunegui will present the COC findings at the board meeting April 28, 2020.

ADJOURNMENT

Meeting was adjourned at 6:51 pm.